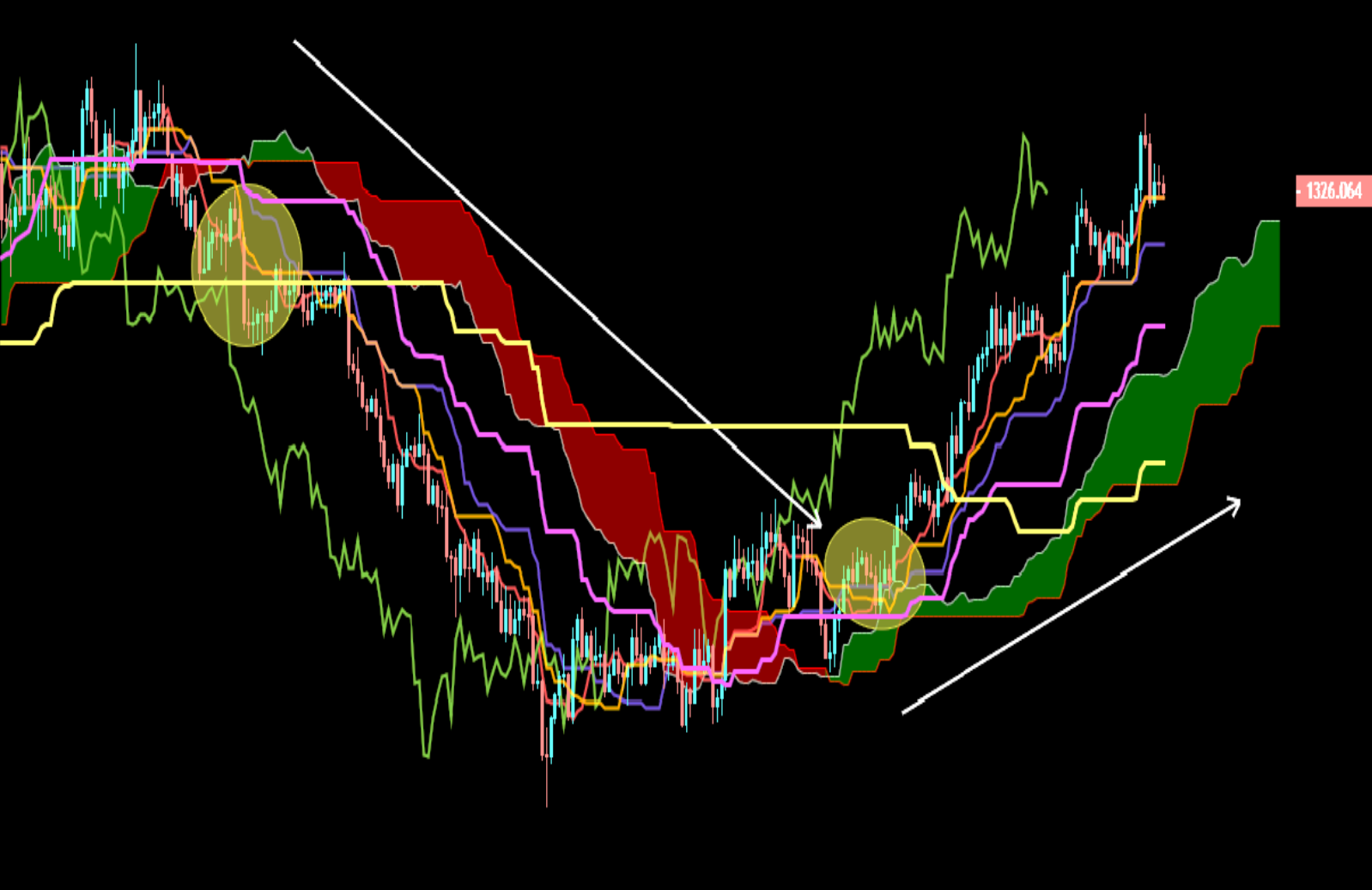


MINH
THUY

ICHIMOKU KINKO HYO SOUL



EAST ASIAN TRADING

MASTER ICHIMOKU SYSTEM WITH CONFIDENCE,
DISCIPLINE AND HUMANITY

“NO TRADING, NO SUCCESSFUL TRADER“

DEAR TRADERS ALL OVER THE WORLD

“THROUGH THIS BOOK, I WOULD LIKE TO THANK MY FAMILY AND MY TEACHERS, THANK THE LOSSES AND FAILURES HELPING ME SUCCEED NOW. 12 YEARS OF TRADING ON THE MARKET ARE SUMMARIZED IN THIS BOOK. THE CONTENTS THROUGHOUT THIS BOOK ARE MY OWN TRADING DIARY.”

MINH THUY

VIET NAM, 22/02/2019

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CHAPTER 1: PROCESS OF FINDING MYSELF

I ENTERED THE TRADING IN 2007, WHEN I ATTENDED A SEMINAR ON SECURITIES INVESTMENT. I TRADED MY FIRST ORDERS WITH THE MONEY SAVED AFTER 3 YEARS OF HARD WORK.

We mostly come to this field with a wish to earn money, even a lot of money, a hope with our wisdom and experience to collect all of the money in the world with the money spent as little as possible. But we also know that very few people can do it. According to some statistics, only about 5% of people succeed in this market, which is a too low rate. Regardless that such rate is right or wrong, it's a true that most participants failed. Let's find out the reasons with me.

In fact, lectures on methods of technical analysis, trading systems, problems of risk control, psychological control, sharing of success and failure experiences on forums and forex and securities websites. However, a reality is that the core problem of how to succeed has not yet been solved for the majority.

I used to also join in many forums, read, share and learn about successful and failed persons, and finally find a quite disappointed reality that the rich are even richer and people with less money like us still earn no more, even lose more into their hands. After searching more deeply, I find that it has its own reason: people with much money are those who are smart investors; hence we have to look back on ourselves.

I still tried to find out what the key is. Let's look at the problem: why large investors, financial institutions and investment funds set their profit targets at a not-very-high level, seemly a few dozen %/year. I used to read a book about securities saying that if your annual profit is higher than the US bond interest rate, it is acceptable. So now looking back on ourselves, how much profit we are targeting? I see many people, especially new traders, who often set very high targets, a few dozen %/month, even double or three times their accounts. Many people give reasons to comfort themselves that if they earn a few %/month, how can they cover all costs? But they may not be able to guess that is the key point that makes them lose all.

In the market, there are usually two main types of traders: medium and long-term traders and daily traders. And it seems to match two types of people: investors and speculators. Investors often have a long-term strategic vision, while gamblers only see their daily trading results. Correspondingly, when trading in the middle and long-term trends, you will have a very broad view, better understand the market, know which stage you are at and what you should do. In case of daily trading in a short time frame, then in the short term, with a stable market and a clear trend, the profit will increase very quickly. But when the market is in sideways in a short time frame or in no direction for a few

weeks, it will be time for the market to regain all your profits, even your entire accounts. It's too hard to escape from this spiral. Results are almost predetermined. There is one more thing that many people do not anticipate, it is trade addiction. There have also been many articles about this issue, when you can't stop ordering no matter how the market is, it means you're addicted to trade. The more the orders you make, the more addictive you are. This is also a major cause of failure.

Now, let's analyze a bit of the trading theory. There are 3 essential factors to ensure the success:

- Understand a method of technical analysis or fundamental analysis or an analysis system that ensures a winning rate of 50% or more.
- Manage risks well, control Stop Loss (SL), (Take Profit) TP, opening and closing order volume, risk ratio of each order/ account, trade order size at a certain time, trade currency size, etc...
- Practice a good trading psychology.

This is a forward problem, what about a backward one? It's derived from the profit target to list the above figures.

1. Set a high profit target: Then the volume of 01 order/ account will increase; the more orders, the higher risk ratio; or if keeping the risk ratio stable, SL will be small, leading to a trend to trading in short time frames and then the failure of Daily traders will be repeated. Another consequence is that psychology of people who trade in this target are very difficult to be stabilized. When winning, they will win big so they will be very excited, leading to a subjective psychology, thinking that winning the market is too simple. After that, some losing orders will come (which accordingly results in losing with a high volume), their heads will heat up and their psychology of revenge on the market will appear. Next, they will either be disoriented or pay with their entire accounts. These are consequences that are closely related to each other in the law of cause and effect. It's too difficult to avoid. Thus, setting a high profit target will lead to 2 instable important factors. So failure can be predicted.

2. Set a reasonable profit target (usually around 3-5%/month). A low profit target does not mean that you cannot earn a higher profit but that you are satisfied with the results you achieved.

On the contrary, when setting a high profit target, the volume of 1 order/ account will be very small (I currently trading with a1k account, the volume of 1 order is 0.01), the order size at a certain time is less a lot (usually up to 3 to 5 orders, currently 3 orders, and only 1 order in the SW market), SL of each order is very high, 200 pips or more. Thus, of course, it is required to trade in a longer time frames: D1, W1, MN. H1 and H4 are only used to determine the time of opening order.

It can be said that trading in this time frame will result in a greatly low risk ratio. Sometimes in nearly 2 years, I did not need to use SL but the profit was still very good. It is for this reason. The corollary of this method is a highly stable psychology. Since even if a right order lasts for months, a profit rate of 2-3% is normal.

3. In both of the said cases, I do not mention the trading system. Because in my opinion each system has its own right, no system will win absolutely, it will be suitable at a certain time for each type of person. The mandate of a trader is to find a system that suits him. Or in particular, successful people are the ones who understand themselves the most, and who win over themselves.

The above is my personal point of view on how setting target profit will affect the trading style and the risks to be encountered therefrom. Of course, the choice of time frame depends on the personality and circumstances of each person, but in general, to reduce risk, it is advisable to limit trading in a short time frame and have an overview of the market (or called multi-time frame analysis). It is often advised to not try to fight the market, let's try to understand the market.

REALIZE WHAT I REALLY NEED

I started to look for a holy grail: I used a lot of instruments, checked many systems and tried to find the holy grail. The holy grail is often described as a trading strategy/ method/ system with the ability to win all the times, win rate must be 99-100%. This process took me a lot of time to check the capital management strategies and systems. All of the instruments I used to use are carefully checked to find a system that makes the trading process better. This repeated thousands or even hundreds of times but I had not yet found a victory in my assignment. Then I read a few books, learn thoroughly about trading psychology, meet people who are trading in a sustainable way. They just told me: "There is no holy grail in the financial market, the holy grail is within everyone while they are always finding it".

The first piece of a holy grail is belief. Belief is the greatest strength of every human being. If you notice, the achievements around us such as telephone, internet or most recently block-chain technology that has really changed people's lives. And where they come from? They come from our beliefs. Back in the second half of the 20th century, in the Doraemon series or literary novels, we can see how they "dreamed" of a beautiful life, and those dreams are increasingly being actualized with the achievements nowadays.

Back to the trading, belief is the first step you need to master before thinking about making a profit from the market. Why is only 1% of trader really successful? Because they simply believe it before it becomes true. If you just consider this market full of scammers, it's 99% that you will be tricked. If you consider trading as another form of gambling, it's 99% that you will burn your money like the way gamblers try their luck at a casino. If you consider yourself a successful trader, it's 100% that you will succeed!

DISCUSSION - SHARINGS OF GENERAL TRADING

After all, is the holy grail real?

Holy grail is a treasure hunted by traders for decades, but it seems that no one has really touched it. This raises a contradiction that whether the holy grail really exists? Or is it just a rumor?

In my personal point of view, the holy grail exists. You might wonder: Does it conflict? You have said that no one has found it, now you say it exists? The reason why traders can't find the holy grail is because they misunderstood this concept.

The holy grail is often described as a trading strategy/ method/ system with the ability to win all the times, win rate must be 99-100%. And then everyone rushes to find it.

In fact, it is unnecessary to find the holy grail. Because it is already within you, but to be able to use it, you need to understand the concept of holy grail first.

Belief

The first piece of a holy grail is belief. Belief is the greatest strength of every human being. If you notice, the achievements around us such as telephone, internet or most recently block-chain technology that has really changed people's lives. And where they come from? They come from our beliefs. Back in the second half of the 20th century, literary novels, we can see how they "dreamed" of a beautiful life, and those dreams are increasingly being actualized with the achievements nowadays.

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After all, is the holy grail real?

Emotions

While belief is a map directing traders to success, emotions are energy that motivates them to do so. Unfortunately, most traders used emotions in the wrong way, they cannot master their anger, greed, fear, or in other words, they are controlled by their own emotions.

In this financial field, we often focus on boring numbers rather than learn how to manage our own psychology. I think it's a big omission, because even if you own George Soros's system, it's not sure you will be as successful as he was, because the difference is in his thinking, but not in the system.

If you notice, while trading, you sometimes think of very interesting and daring ideas. But maybe you think that: it is just for fun, it perhaps useless. No, please don't think so. All trading methods and knowledge you learned, price models, indicators, risk management and so on are all formed from ideas! Never underestimate your own ideas because they are the most valuable intellectual property you have.

EASTERN TECHNICAL ANALYSIS AND SEVERAL THINGS TO BE NOTED

Theorems in Eastern technical analysis:

- There is nothing new and bright under the sunlight: what we see today, tomorrow we will see it again.

REPEATABILITY.

- What will come will come: what has happened today is going to have to happen in the future
- it can't be changed or made differently.

MANDATORY.

- Everything always moves according to the law: BIRTH - AGING - SICKNESS - DEATH (including price or market: BIRTH: a new period/beginning; AGING: weakening; SICKNESS: saturation/ sideways; DEATH: reverse and towards a new period).

PERIODICITY.

- Time will answer everything: time is an important and decisive factor in the Eastern technical analysis, price is only its consequence.

NECESSITY.

- Balance is what things always look forward to: everything tends to return to their initial positions.

BALANCE

- Everything always has a connection - resonance, close and synchronous relationship with each other that cannot be separated.

HARMONY.

NOTE: It is not easy to understand all of the above six theorems. And applying it into technical analysis is even more difficult. It is slightly different from the 3 statements in the Western technical analysis (price always follow the trend, all information reflects on prices, history will repeat).

Philosophy in Eastern technical analysis:

Don't try to predict the market , follow it. Do what the market show us - Don't try to resist!

It can be generally understood that: we do not "show the direction of price", predict which direction the market will go, and then the market/ price will move the same, etc., but after analyzing and predicting, we will follow the market, if it is right, then there is no problem, however, if it is wrong, it must be adjusted/corrected immediately. Eastern technical analysis is to build a scenario based on market developments because we are not sure that such scenario will happen 100%.

THERE IS ONE THING FOR SURE IN THE FUTURE, THAT IS NOTHING SURE.

Understand what "psychology" of traders is better than understand where the market will go: All financial markets (Stocks, Bonds, Currency, Options, etc.) are created and involved in by people, so we are playing in the game among people, not playing with/fighting against machines or Divine. Therefore, **TO KNOW ONESELF - NEVER LOSE** (it's not **ALWAYS WIN** because **NEVER LOSE** is possibly **TIE** or **WIN**).

Therefore, this is a "BATTLE OF MINDSET" in which anyone who is able to understand the "PSYCHOLOGY" of the competitor regarding what he is thinking and what he wants to do, the opportunity to win is very high. But unfortunately, in this world there is no one who can understand what do people think?

YOU CAN MEASURE EVERYTHING, EXCEPT FOR PEOPLE'S THINKING

- If you know the market cycle/timing, it can be said that you are holding a key to open the door of treasure in the market. For Eastern technical analysis, it is considered that the subject of the market is **TIME**, not **PRICE - VOLUME**. On the chart there are 2 axes: horizontal axis indicates time and vertical axis indicates price. While Western technical analysis respects the vertical axis (Price), Eastern technical analysis respects the horizontal axis (Time). And it is considered the main axis on the chart.

- Although cycle/timing has rules/is repeatable, it is variable wherever, that makes it difficult for us to know and predict.

TIME IS VARIABLE IN A CONSTANT CYCLE.

CONCLUSION: With 3 above philosophies of Eastern technical analysis, surely you understand why there is no perfect system or method? Understanding and guessing the psychology of traders as well as knowing cycle in the market seems unimaginable. This limits all instruments/indicators/machines/robots (inanimate, insensate, inflexible and stereotyped things). Let's just treat them as "defensive objects" to strengthen our beliefs, no need to be 100% accurate, but the probability of 70-80% is also very good.

The space-time balance in the Eastern technical analysis is considered in 4-dimensional space . It is emphasized that time decides on price. This is the core idea of the Eastern technical analysis. Remember, time is the main axis, which time to decide on those prices? Price - it is a binding to be achieved in a time position. In other words, price is a consequence of time - no movement of time, no fluctuation in price. And this is the most obvious explanation for the balance of PRICE - TIME.

CHAPTER 2

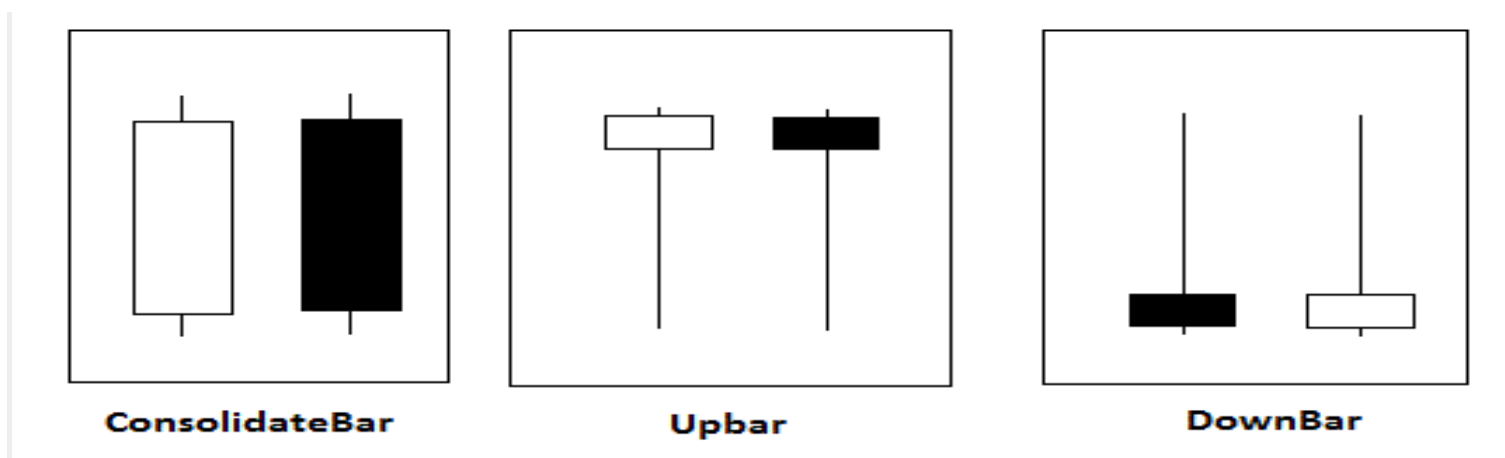
CANDLESTICK

Price Action is an analysis of the action of price that comes with volume, many people think that with this method you have to "strip off" your Chart, but I don't think so, with my experience I think you should add to your Chart 1 Indicator which shows the strength of price, such as ichimoku. But remember that your Chart should consist of price, volume and such Indicator only, if there are more items than the above, it will be an Indicator Action, then you may be confused.

Back to the main topic, many people often deliberately complicate the candlestick, during the years I lived with the market I met quite a few types of investors and experts, there were people when I asked about candlestick, they could tell me a long list of types of candlestick such as Hammer, Dark Cloud Cover, Piercing Line, Bullish Engulfing and so on, it seemed up to dozens of things, but when I asked them the principles and mechanisms of formation of each candlestick, few people could answer it, they remembered too much, so they didn't know anything about what they were remembering.

Have you already seen its trouble, so what should we do to remove it, the best way is to simplify such theory, and we move to the next step to know how to simplify.

Back to the most classical period, candlesticks have only three basic types: UpBar, DownBar (ending the trend) and ConsolidateBar (improving the trend), candlestick's investment philosophy is only in these 3 types, not more.



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Many people will think that I am mad since it's useless when the others know many types of candlestick while I am foggy to base on these 3 types of traditional candlestick. Actually, I am not unable to remember, I used to read fluently every candlestick when I first entered the industry and I guess it is simple for you, but it is difficult to understand and apply it. In fact, the said 3 types of candlestick contains in them all the candlesticks and candlestick patterns that newspapers or websites mention. Why I dare to confidently say that?

"Experts are paid to complicate matters that seem simplest, and you get paid to simplify the most complex problems."

CANDLESTICK MERGER

Candlestick is the most basic form and it can also be said that it reflects most faithfully in indicators. Candlesticks are extremely important for our orientation of trend, they tell us what investors want and are doing. In order to understand candlesticks, we have to learn how to observe candlesticks from the past - current - to partially predict the future of the next candlestick. I have said the 3 classic candlesticks DownBar, UpBar and Consolidatebar have contained in them all the candlesticks and candlestick patterns, I will prove it.

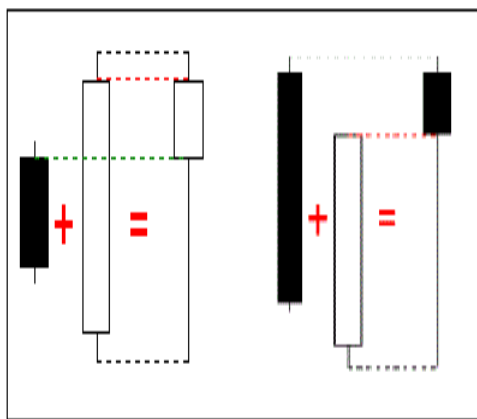
Candlestick merger method is quite simple:

Opening price of merged candlestick = Opening price of the first candlestick.

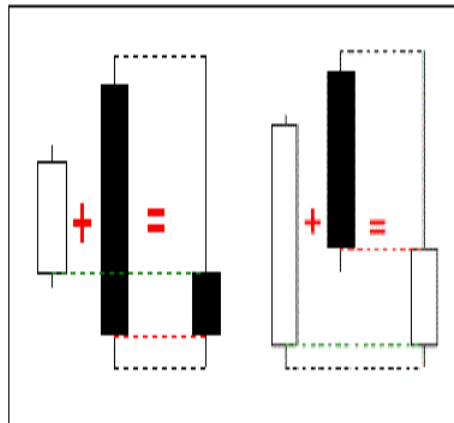
Closing price of merged candlestick = Closing price of the final candlestick.

The highest price of merged candlestick = The highest price of the candlesticks.

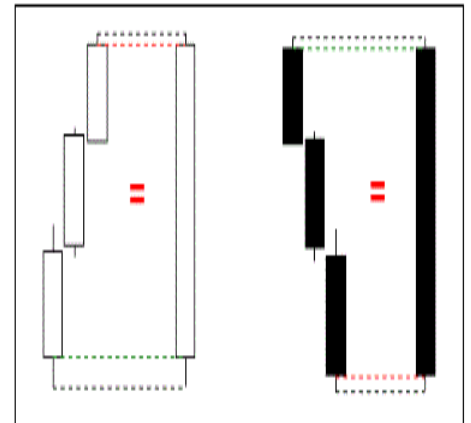
The lowest price of merged candlestick = The lowest price of the candlesticks.



UpBar



Downbar



Consolidatebar

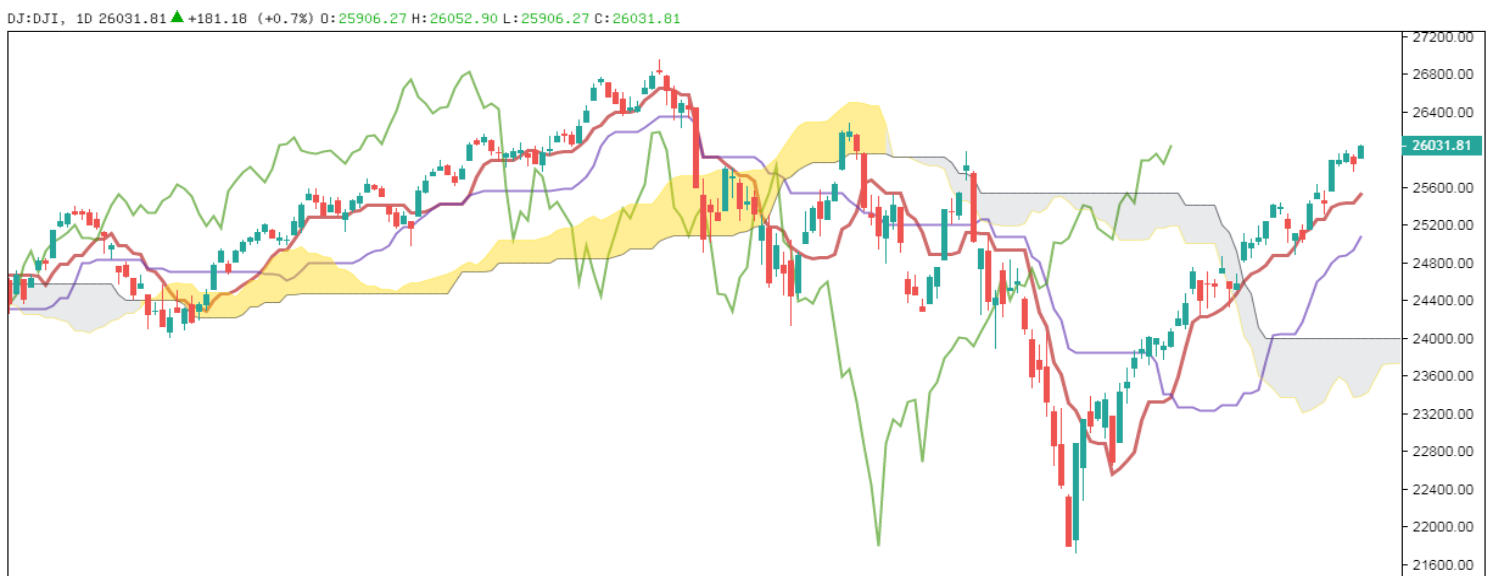
CHAPTER 3

THE FIRST SECRET OF THE ICHIMOKU KINKOU HYO SYSTEM NAMED "CALCULATION FORMULA"

Ichimoku means "A glimpse of the chart balance", visually portraying the fluctuation of price on the chart that helps Traders have a deeper and more comprehensive look at price action to quickly determine the upcoming trend and the right time to enter/exit the market. This is an independent indicator without the help of other analytical techniques because it gives Traders the most overview of the market.

In Ichimoku, there are full of essential information called "All In One". So Ichimoku provides a picture of the market consisting of 5 elements:

1. Pattern: the shape of Kumo cloud helps Traders quickly see the familiarity - repetition of market patterns or situations.
2. Trend:
 - + Direction: in Tenkan, Kijun, Cloud
 - + Momentum (increase/decrease in price): Chikou Span.
3. Fluctuation: The up and down of price will be shown through the thinness or thickness of Kumo cloud.
4. Resistance: Tenkan, Kijun, Flat cloud
5. Duration - Time: All of these 5 elements



HOW TO SEE ICHIMOKU:

When we are standing at the present to predict the future (the present means the Price-Senkan Sen and Kijun Sen), we must first look at Kumo (cloud). So, please focus on looking at the Kumo cloud in the future to see an overview of the market. The relationship between the Price and Kumo Cloud positions helps us quickly look and see the trend - market conditions immediately just through "a glimpse". After looking at the Kumo Cloud, we turn 180° to the past and look at Chikou Span. Back to the present to look at the Price - Tenkan and Kijun line once again, then develop an analysis and forecast.

TENKAN SEN

1. Meaning: Tenkan Sen means a conversion line. In other words, Tenkan Sen is the balance line converted from the price line in order to "smooth" the sudden fluctuations in the price line. Because in the price there are many variables that cause "interference", Tenkan Sen is used with the highest and lowest prices to remove the "interfering signal", helping us see better the price fluctuation. That is the reason why on the chart, Tenkan Sen always follows and goes along with the price line. Although Tenkan Sen and the price line are the two separate lines, they are one.

2. Formula:

$$\text{TENKAN SEN} = (\text{Highest Price} + \text{Lowest Price})/2$$

Retrieved within 9 sessions backward the past including the current session.

Tenkan Sen is used to indicate the direction of price (price fluctuation): If Tenkan is upward or downward, the price is increasing or decreasing, respectively. The horizontal Tenkan signals a sideways market - little fluctuation.

Tenkan signals a short-term trend in price fluctuation (it's short-term because Tenkan is retrieved with 9 sessions - very few). When Tenkan Sen is horizontal and flat, in addition to indicating the direction, it specially has attraction and resistance to price fluctuation. However, as the Tenkan calculation formula retrieves 9 sessions only, its attraction and resistance are lowest in Ichimoku system (resistance equivalent to 38.2% Fibo).

To better understand how to calculate this line, I use the following:

DJ:DJI, 1D 26031.81▲+181.18 (+0.7%) O:25906.27 H:26052.90 L:25906.27 C:26031.81



KIJUN SEN

1. Meaning:

Kijun Sen means the standard line or Balance line which price fluctuates around. Horizontal price line - Sideways Market. Kijun Sen seems to be a horizontal straight line dividing the price line. And at this time, the price has a sign of up and down following the up and down of Kijun Sen like a SINE curve. Price moves up/down - Market has a trend. When the market has a trend, price usually moves "up/down" and then returns to flat Kijun Sen thereunder. At this time, Kijun Sen roles as a "support" for the price to continue to move up/down in the "STEP" shape.

2. Formula:

$$\text{KIJUN SEN} = (\text{Highest Price} + \text{Lowest Price})/2$$

Retrieved within 26 sessions backward the past including the current session.

3. Functions:

a., This is the key important line of the 5 lines and it is considered as a balance line (26 sessions). Of the 26 sessions, only the highest and lowest prices in that range are paid attention, the rest are ignored (ie in the past 26 sessions, including the current candlestick, it is needed to concern the highest/lowest point is in which candlestick).

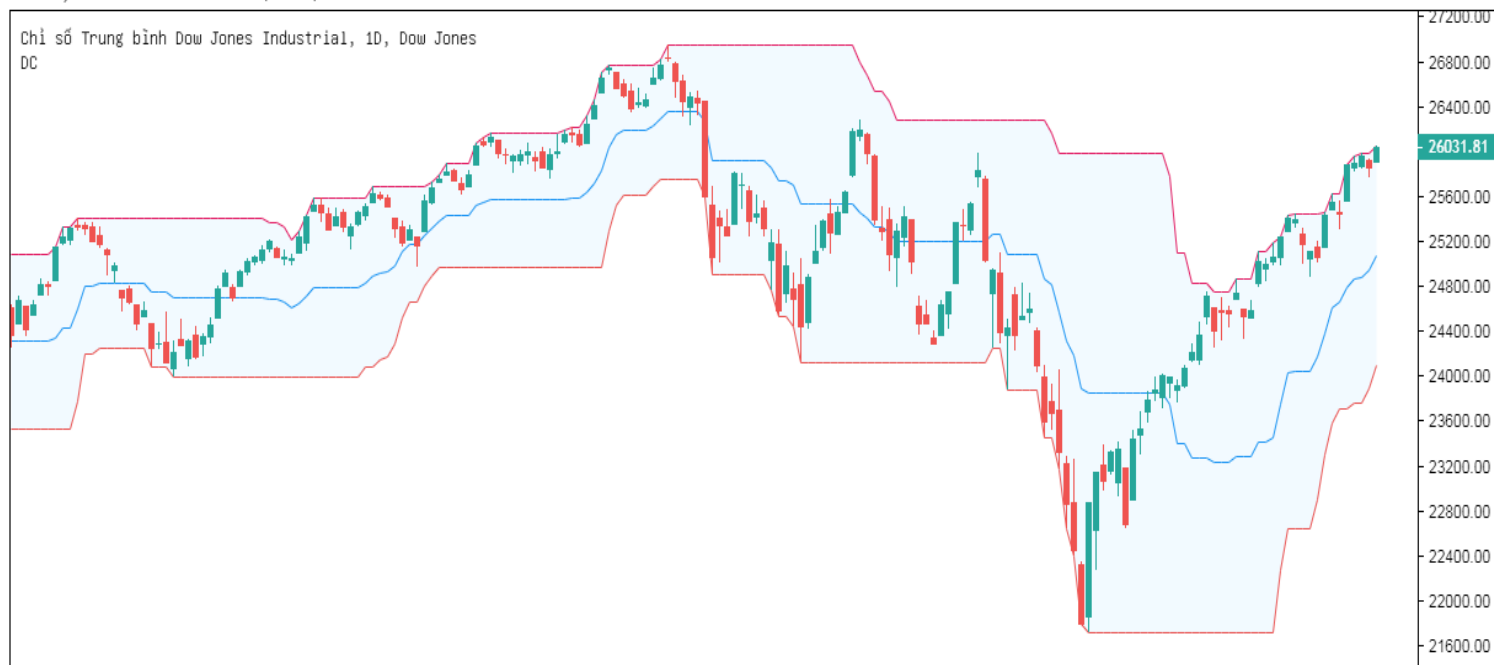
b., There is always a flat Kijun, which means Kijun is a horizontal line. This occurs because its formula is based on the highest and lowest prices, not the closing price. When Kijun is flat, this indicates a balance zone formed from the highest point to the lowest point within such 26 sessions. This will have an "attraction" that will attract price back when the price has gone too far but not exceeded the highest/lowest point within such 26 sessions. In case the price exceeds the highest/lowest point within such 26 sessions, the market is deemed to form a new balance zone.

c., The resistance of Kijun line is relatively strong in Ichimoku (equivalent to Fibonancy 50%).

Look at the figure below to better understand how to calculate Kijun sen

DJ:DJI, 1D 26031.81 ▲+181.18 (+0.7%) O:25906.27 H:26052.90 L:25906.27 C:26031.81

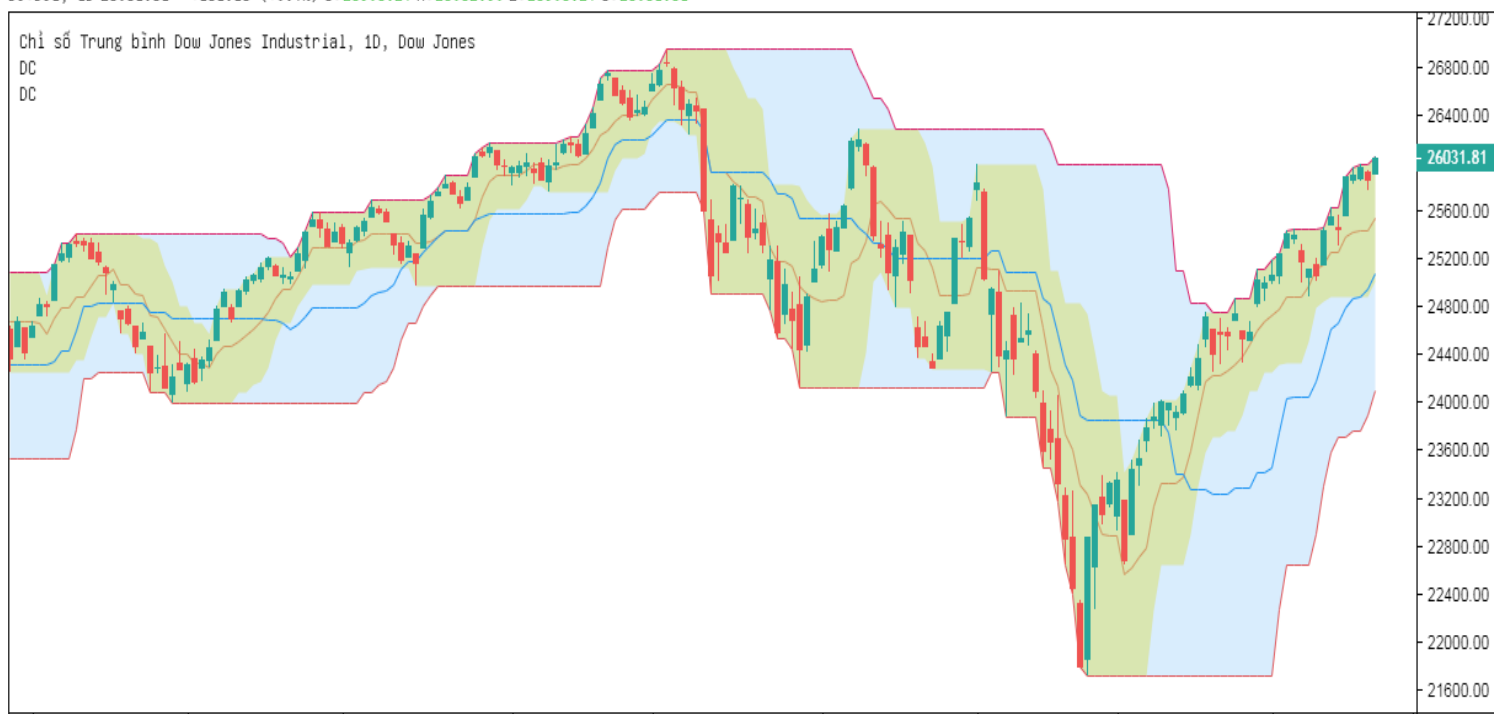
Chỉ số Trung bình Dow Jones Industrial, 1D, Dow Jones
DC



Now let's combine Tekan sen and Kijun sen

DJ:DJI, 1D 26031.81 ▲+181.18 (+0.7%) O:25906.27 H:26052.90 L:25906.27 C:26031.81

Chỉ số Trung bình Dow Jones Industrial, 1D, Dow Jones
DC
DC



Look at the figure below: The secret is the calculation formula: the 9-day cycle of DJ cuts upward or downward for the 26-day period and forms a trend. The calculation is based on the highest and lowest points of each cycle / 2.

KUMO – CLOUD:

1. Meaning:

Kumo-Cloud is the most important component in the Ichimoku system, allowing us to almost immediately see an overview of market trends and the relationship between price and that trends:

- + Positive or negative, optimistic or pessimistic market overview.
- + Up - down or horizontal trend through only a glimpse of the relationship with the price line.
- + Strong or weak market trend, therefrom point out what is the market sentiment.

Kumo is also the most unique component of Ichimoku, as it provides a multidimensional (multi-point) view of a "sentiment zone" in an extended Kumo area - a space which is considered as center by price, as opposed to other systems, where support and resistance are merely a single point on the chart.

2. Structure:

Kumo is made up of two lines, Senkou Span A and Senkou Span B, each of which gives us an overview of price balance in the future.

a. Senkou Span A:

Senkou Span A is a component that together with Senkou Span B forms "KUMO" cloud - the foundation of the Ichimoku system.

$$\text{Senkou Span A} = (\text{Tenkan-Sen} + \text{Kijun-Sen}) / 2,$$

Drawn for 26 sessions in the future.

Senkou Span A is calculated based on the average ratio of Tekan Sen and Kijun Sen (for 26 sessions) and is shown on the chart by moving forward 26 sessions in the future.

Function of Senkou Span A are almost like function of Tenkan Sen which refers to the trend in the Kumo cloud, therefrom signals the market trend.

b. Senkou Span B

Senkou Span B, which is also the most prominent component, together with Senkou Span A, forms "Kumo" cloud.

Senkou Span B represents the most long-term view of the price balance in the Ichimoku system. Instead of considering only the last 26 sessions (the last 1 month) based on the average of Tekan Sen and Kijun Sen (Senkou Span A), Senkou Span B is calculated based on the average of the highest and lowest prices of 52 sessions (the last 2 months), represented (drawn) on the chart by moving forward 26 sessions like Senkou Span A.

$$\text{Senkou Span B} = (\text{Highest Price} + \text{Lowest Price}) / 2$$
, retrieved with 52 sessions in the past and then drawn forward for 26 sessions in the future.

This will help investors get a more comprehensive view of the price balance in the long-term trend and will better reflect the market picture.

c. Relationship between Senkou Span A and Senkou Span B in Kumo

The Kumo is made up of two lines Senkou Span A and Senkou Span B, so in Kumo itself there is also a relationship between the two lines that make up it:

- If Senkou A is above Senkou B: Kumo increases - price may rise
- If Senkou A is below Senkou B: Kumo drops - prices may fall
- If Senkou A and Senkou B interchange each other => the trend may also change.

Another interpretation:

- If Senkou A cuts Senkou B in the upward direction: Kumo cloud narrows and shrinks (Kumo twists), price may increase.
- If Senkou A cut Senkou B in the downward direction: Kumo cloud shrinks because Span A and Span B are close to each other. And when they intersect, price may decrease.

d. Thinness and thickness of Kumo Cloud.

The cloud is the "PRESENCE AND REFLECTION OF MARKET SENTIMENT". Rather, it is the cloud which represents "CROWD SENTIMENT". When a cloud is thick, it proves that the market sentiment as well as the crowd sentiment is very strong and stable, and hardly can be changed and broken. Therefore, when the front Kumo cloud becomes "THICK", the market is fluctuating too slowly, resting after a previous period of increase/ decrease. Thus, a "Thick" cloud indicates an extremely weak volatility - there is almost no upward/ downward fluctuations. Market moves sideways.

The figure below shows an extremely thick future Kumo cloud (Span A is far from Span B). It reflects a slow volatility in price at the present and the recent past.

In contrast, a thin cloud shows a weak sentiment so it is easy to be changed and broken. Therefore, when the front Kumo cloud becomes thinner, the market is going to be strongly volatile. Price increases/decreases markedly, the market is about to have an upward/downward breakthrough for the next trend.

When the front Kumo cloud becomes thinner (Span A is near Span B), the price is about to fluctuate strongly. The market is going to appear strong volatility and form the upward/downward trend.

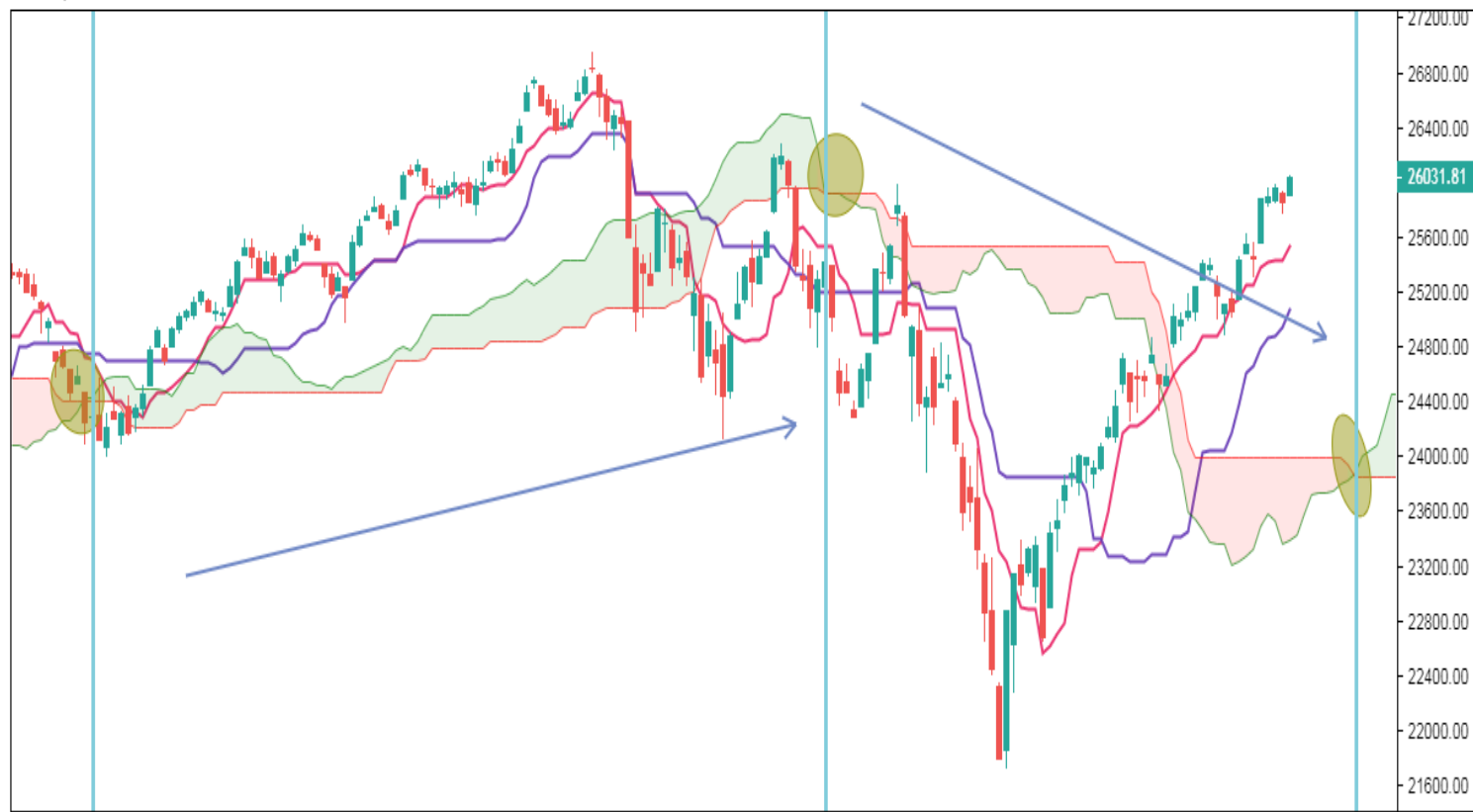
e. Horizontal - Flat Kumo cloud

The above or below flat Kumo cloud is a common phenomenon observed or occurring in Kumo since Senkou Span B moves in horizontal direction. Like the "price attraction effect" that a flat Kijun Sen may cause to price, a flat Senkou Span B also has a similar nature. This is because Senkou Span B is the balance line of the highest and lowest prices within 52 sessions - where the price is balanced in the long term.

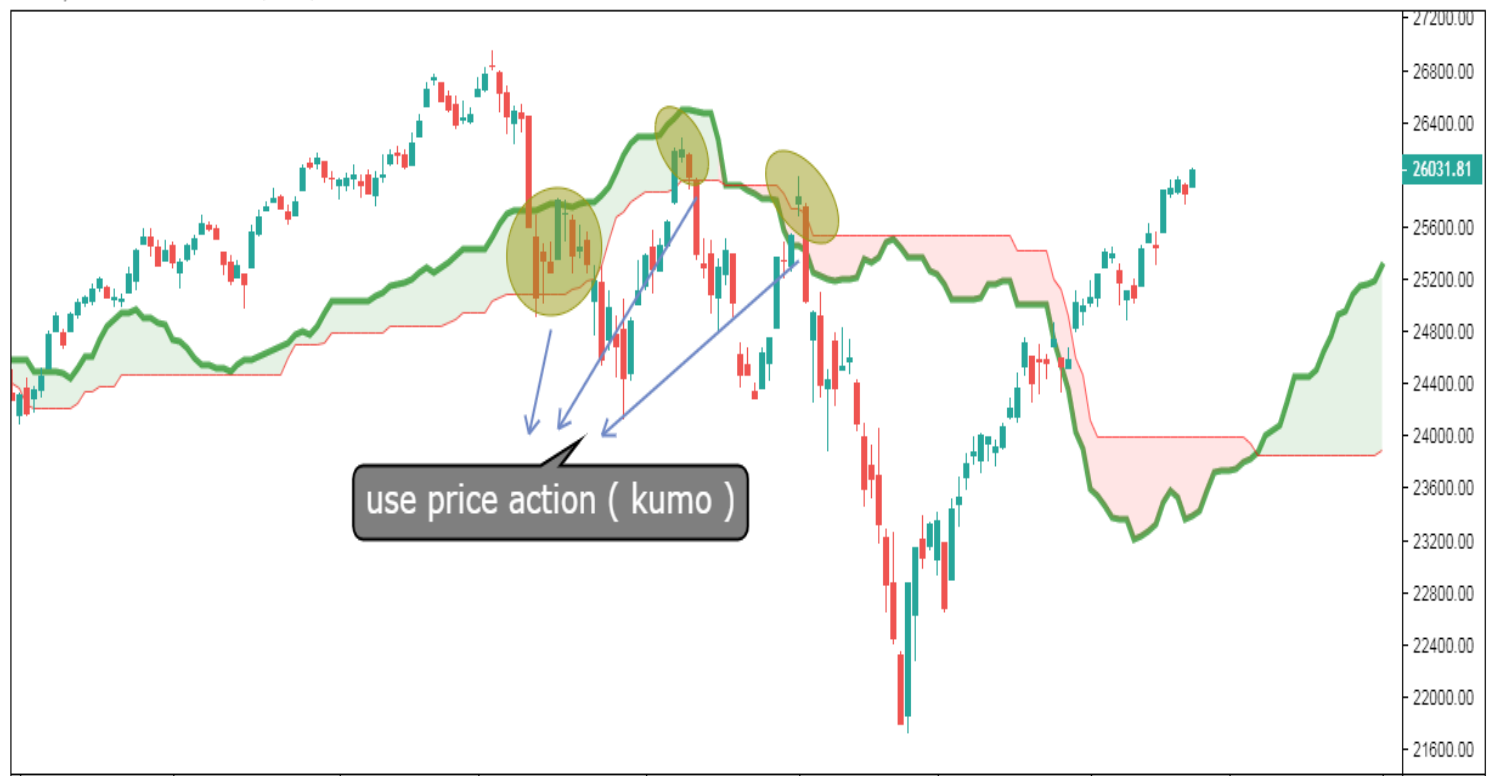
Since price always tends to find a way to return to its balance status, flat Senkou Span B represents a strong attraction, attracting price more closely to it. When the price goes too far from the cloud, that means it is going too far from the sentiment threshold, exceeding the allowable limit of the sentiment balance, at the time on the market, the crowd sentiment will be adjusted immediately to pull the price back to the balance point, ie close to the cloud. This is called the "RUBBER BAND" phenomenon or the "PASTA CREATION" process! This is to say that the balance of price and cloud is the sentiment balance, in which there is an adjustment of the crowd sentiment to fluctuate at a balanced level.

In an upward trend, the flat Senkou Span B will lead to a below flat Kumo. Conversely, in a downward trend, the flat Senkou Span B will lead to an above flat Kumo. This will be very helpful for investors to predict the upcoming price that may be attracted to the flat Kumo cloud.

DJ:DJI, 1D 26031.81 ▲+181.18 (+0.7%) O:25906.27 H:26052.90 L:25906.27 C:26031.81



DJ:DJI, 1D 26031.81 ▲+181.18 (+0.7%) O:25906.27 H:26052.90 L:25906.27 C:26031.81



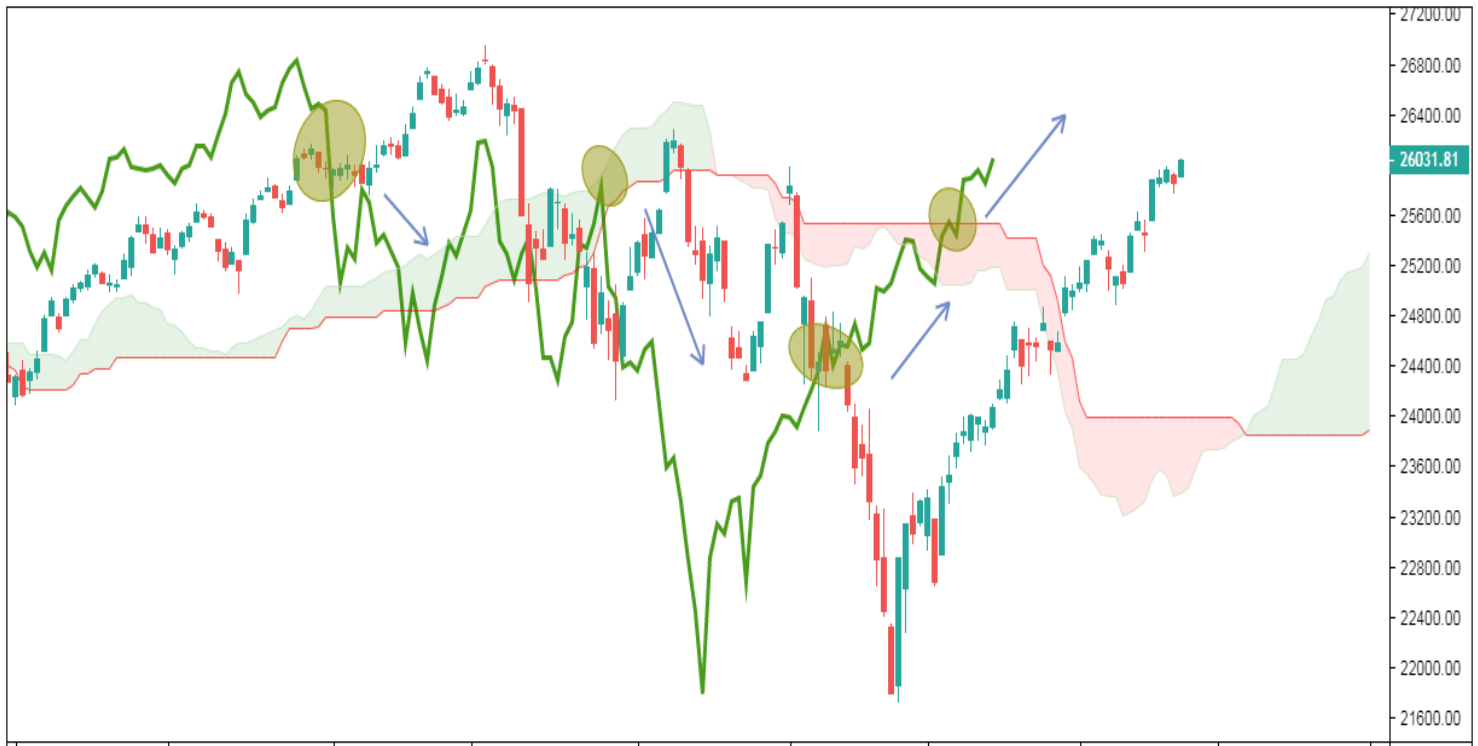
CHIKOU SPAN LINE

MEANING: Chikou Span is a late line or rather the shadow of current price that is pushed back to the past with 26 candlesticks.

FORMULA: The closing price of the current price is pushed back to the past with 26 sessions in order to confirm the (up, down or sideways) trend and (strong or weak) fluctuation of the market.

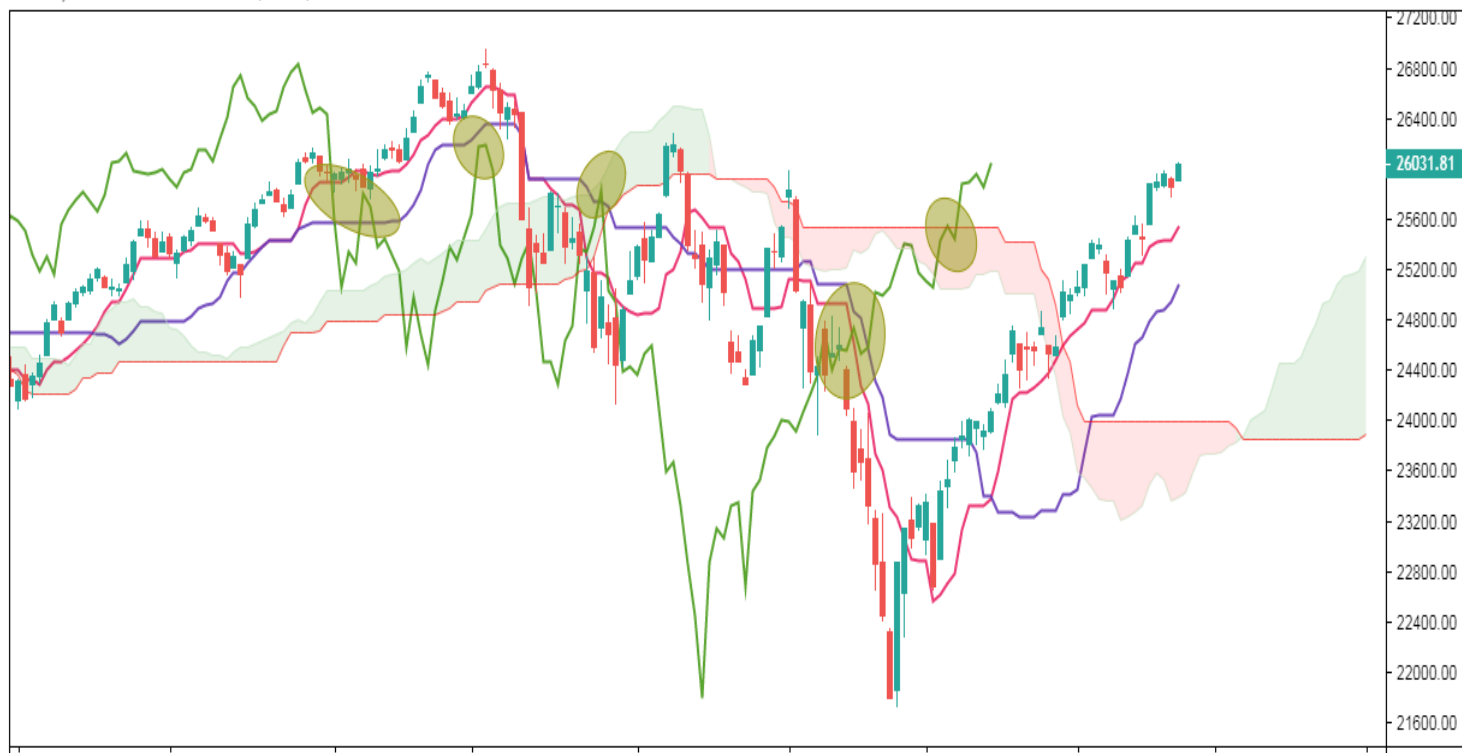
Note: While all lines in the Ichimoku system use the highest and lowest prices in the formula, Chikou Span applies the closing price. When Chikou Span wriggles in the price line and previously faces many obstacles in the price line (in the horizontal direction) - Momentum of the market is weak, the price tends to move sideways and accumulate for a long time. The market has no fluctuations and no volatility.

DJ:DJI, 1D 26031.81 ▲+181.18 (+0.7%) O:25906.27 H:26052.90 L:25906.27 C:26031.81



After fully combining, we have a basic system

DJ:DJI, 1D 26031.81 ▲+181.18 (+0.7%) O:25906.27 H:26052.90 L:25906.27 C:26031.81



MYSTERIOUS NUMBERS

Hosoda spent 4 years and a half studying numbers. Because computers were not popular at that time, the calculation was very difficult. He mobilized more than 2,000 students to calculate. This was a very hard work. He finally found 3 basic numbers that are not only important in Ichimoku but also meaningful in real life.

There are 3 numbers that he considers as basic. Those are 9; 17; 26.

These numbers explain why Tenkan and Kijun are set at 9 and 26 sessions, and that considering numbers 9 and 26 as the trading day in Japan at that time was completely wrong.

So what does this mean? For those who are asking this question and currently adjusting the standard parameter settings should reconsider and it is better to never adjust those parameters (9,26,52). This is a sincere advice.

10 numbers

Although there are 3 basic numbers, there are 10 numbers in total - and these numbers are summed up from basic numbers. They are 9; 17; 26; 33; 42; 65; 76; 129; 172; 200 ~ 257. These are the numbers that could potentially reverse the market.

Formula to calculate the law of numbers: $9 \times n - (n-1) = 9 + [8 \times (n-1)]$

In which, 9 is the basic number.

n is cycle (n = 1,2,3,4,.....)

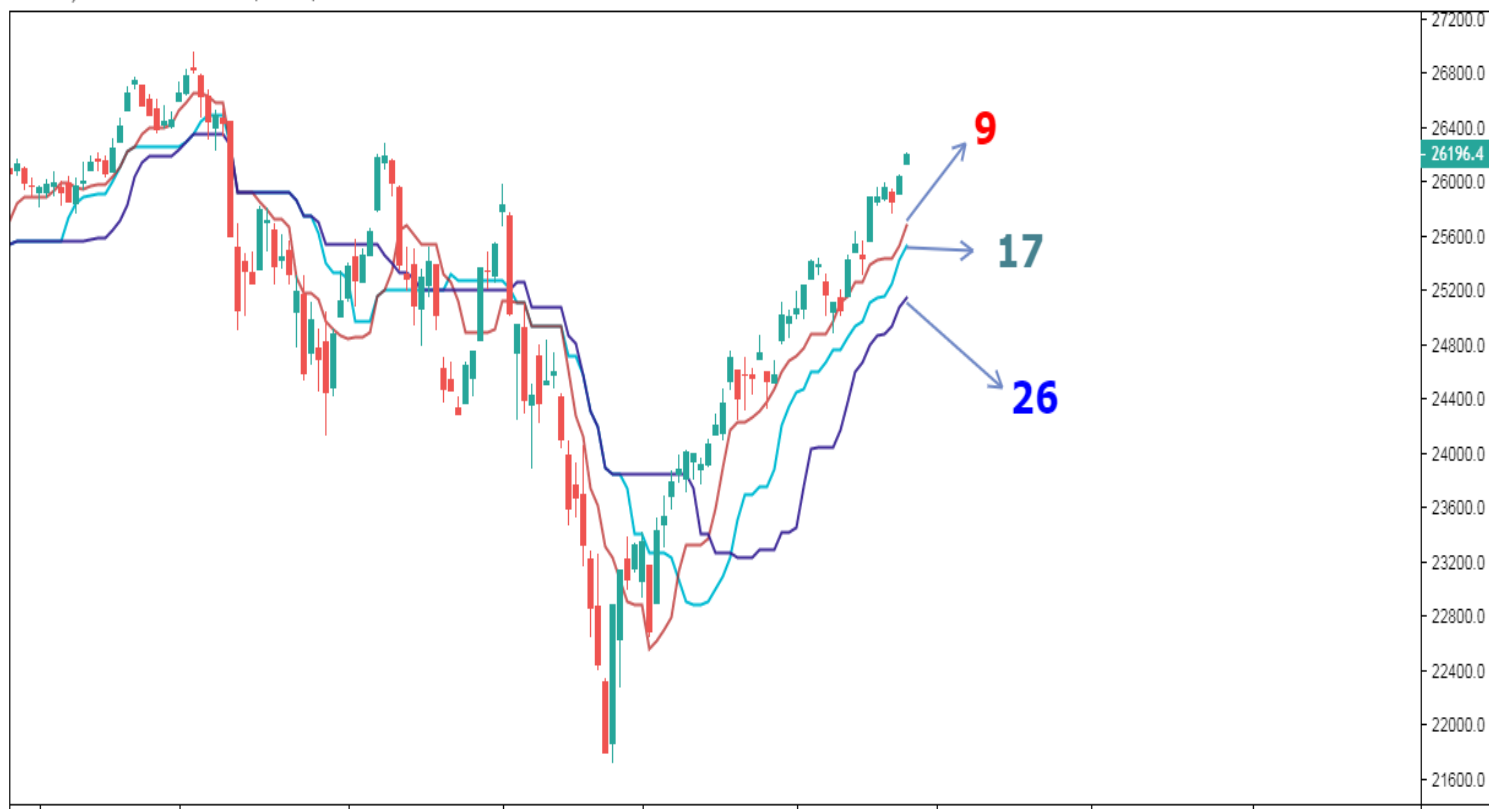
WE ALREADY HAVE A FORMULA TO CALCULATE THE LINES THAT FORM THE BASIC ICHIMOKU SYSTEM AND THE FORMULA TO CALCULATE MYSTERIOUS NUMBERS. NOW, LET'S START LEARNING MORE ADVANCED KNOWLEDGE ABOUT ICHIMOKU KINKO HYO

ADVANCEMENT OF ICHIMOKU KINKO HYO SYSTEM

To learn more about the advancement of ichimoku, let's start from the numbers. The basic numbers of ichimoku start with: 9-17-26. That is the short-term cycle of the market. These numbers show the strength of price and express very clearly. We should only consider the present, that means to consider the cycle lines of ichimoku, not to consider the Kumo cloud.

We can easily see the lines and cycles of those lines. We calculate the future based on the formula to calculate the highest and lowest points of each cycle. Now see the power of each cycle.

TVC:DJI, 1D 26196.4 ▲+164.6 (+0.63%) O:26126.2 H:26210.7 L:26123.0 C:26196.4



We can easily see the lines and cycles of those lines. We calculate the future based on the formula to calculate the highest and lowest points of each cycle. Now see the power of each cycle

TVC:DJI, 1D 26213.7 ▲ +181.9 (+0.7%) O:26126.2 H:26222.0 L:26123.0 C:26213.7

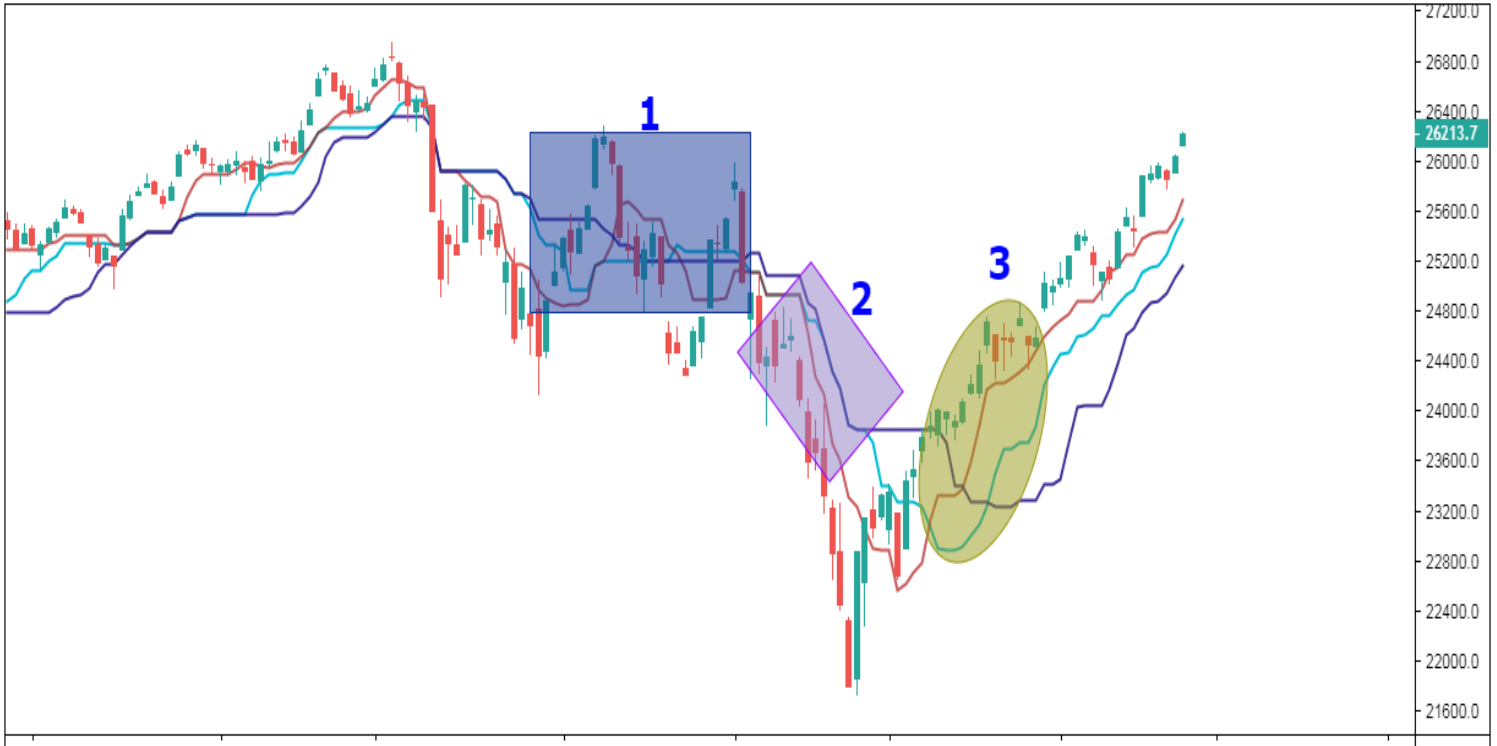


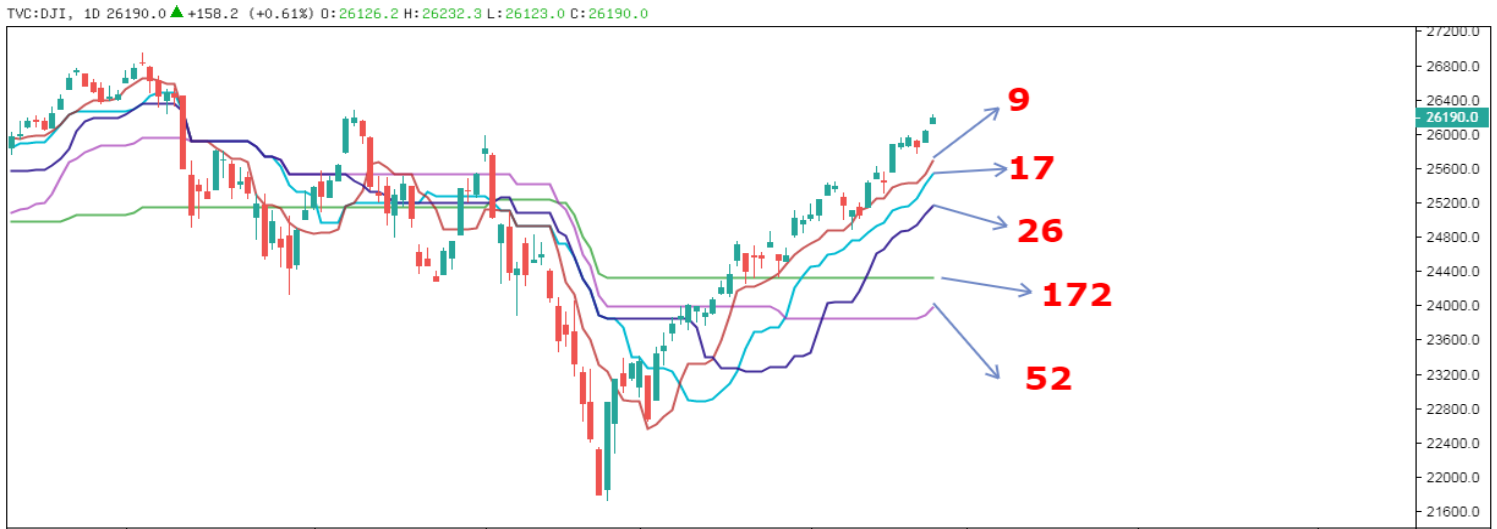
Figure 1: the trend is unclear because the cycle lines 9-17-26 are not asymmetric, the market moves sideways.

Figure 2: the trend moves downward strongly, due to breaking the bottom of cycles 9-17-26. Especially when lines 17 and 26 merge each other, the trend moves downward strongly.

Figure 3: the trend reverses, lines 9 and 17 have passed line 26. It's confirmed that the downward trend ends.

By cycles 9-17-26, we know the up, down or sideways trend of the market to participate in.

Now continue to look at other numbers to understand more about the market cycle in the long term.



We continue to use the numbers of ichimoku to form the cycles 9-17-26-52-172. So what are they used for? Let's see the next figures to know more about their strength.

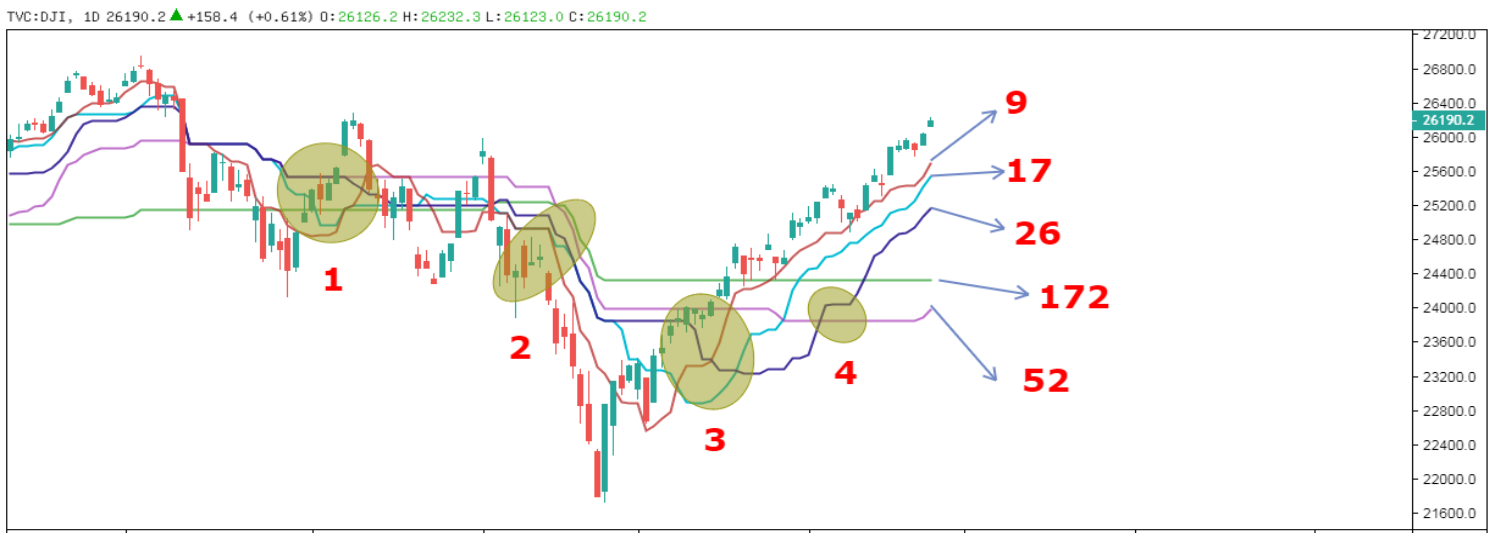


Figure 1: we see signs of downward reversal is confirmed when the 26 cycle line intersects the 52 cycle line in the downward direction.

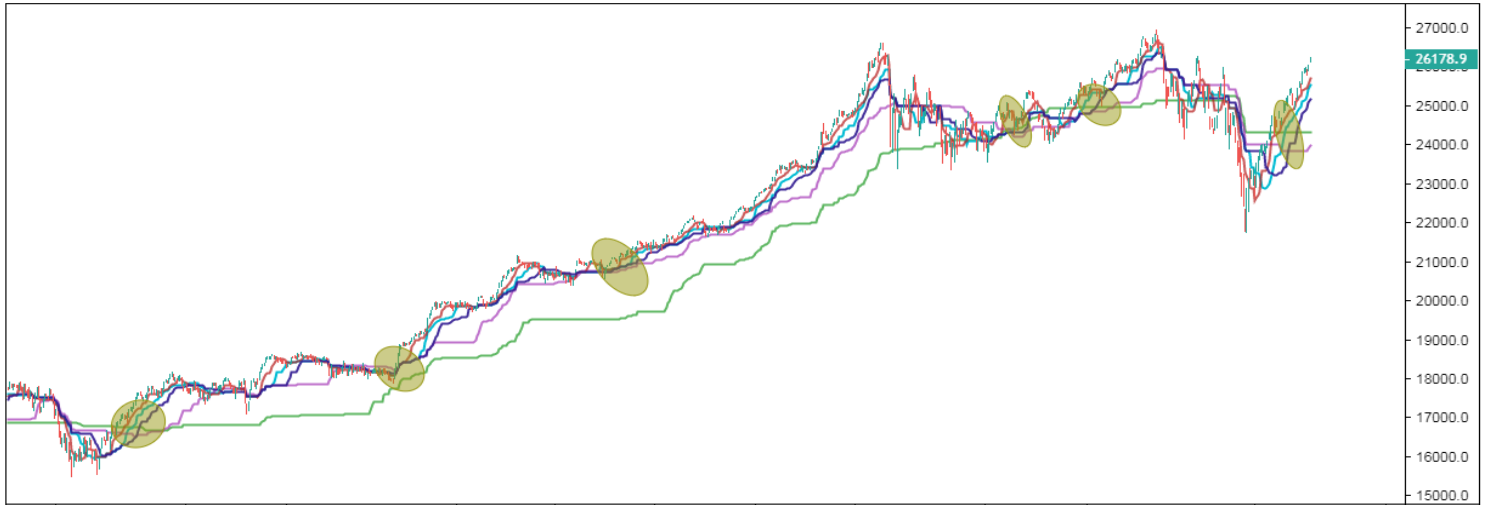
Figure 2: the lowest points of the cycles: 9-17-26-52-172 are broken - causing downward lines to create a strong downward trend.

Figure 3: The downward trend has sign of end when the short-term cycle line 9-17 intersect cycle line 26.

Figure 4: the intersection of cycle line 26 and cycle line 52 signals of trend reversal. Line 52 moves upward by breaking the peak of cycle line 52.

Keep looking at the DJ increase process to better understand these cycles

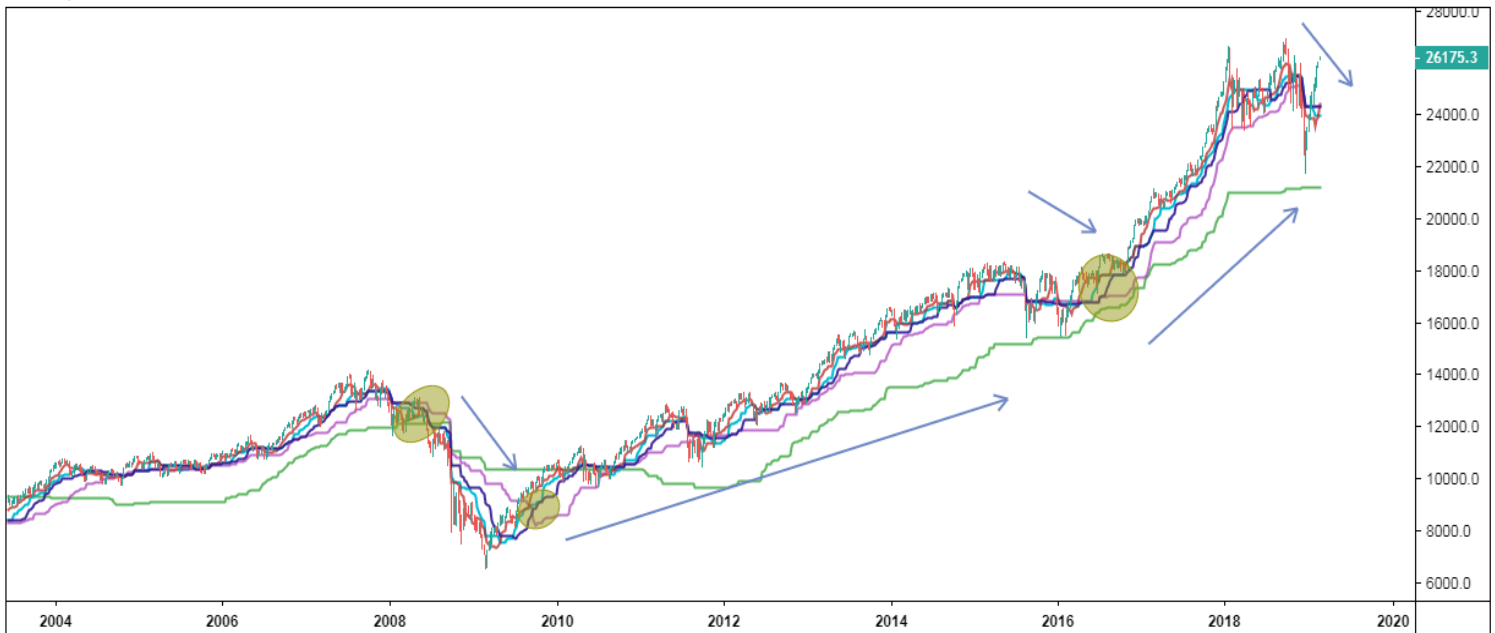
TVC:DJ, 1D 26178.9 ▲+147.1 (+0.57%) O:26126.2 H:26232.3 L:26123.0 C:26178.9



The points marked on the chart are the points at which the cycle line 26 intersects the cycle line 52. Within a long time, the DJ has increased very sharply. Until the cycle line 26 intersects the cycle line 172 in the downward direction, it was then confirmed that the increase was stopped.

Let's continue to see the weekly DJ chart

TVC:DJ, 1W 26175.3 ▲+143.5 (+0.55%) O:26126.2 H:26232.3 L:26123.0 C:26175.3



The price increase process started in 2010, at that time the 26-week cycle line intersected the 52-week cycle line. All cycle lines are above the cycle line 172. The DJ's price increase process is so impressive.

We will continue to explore interesting things in the next chapter.

CHAPTER 4

VALUES FROM ICHIMOKU SYSTEM

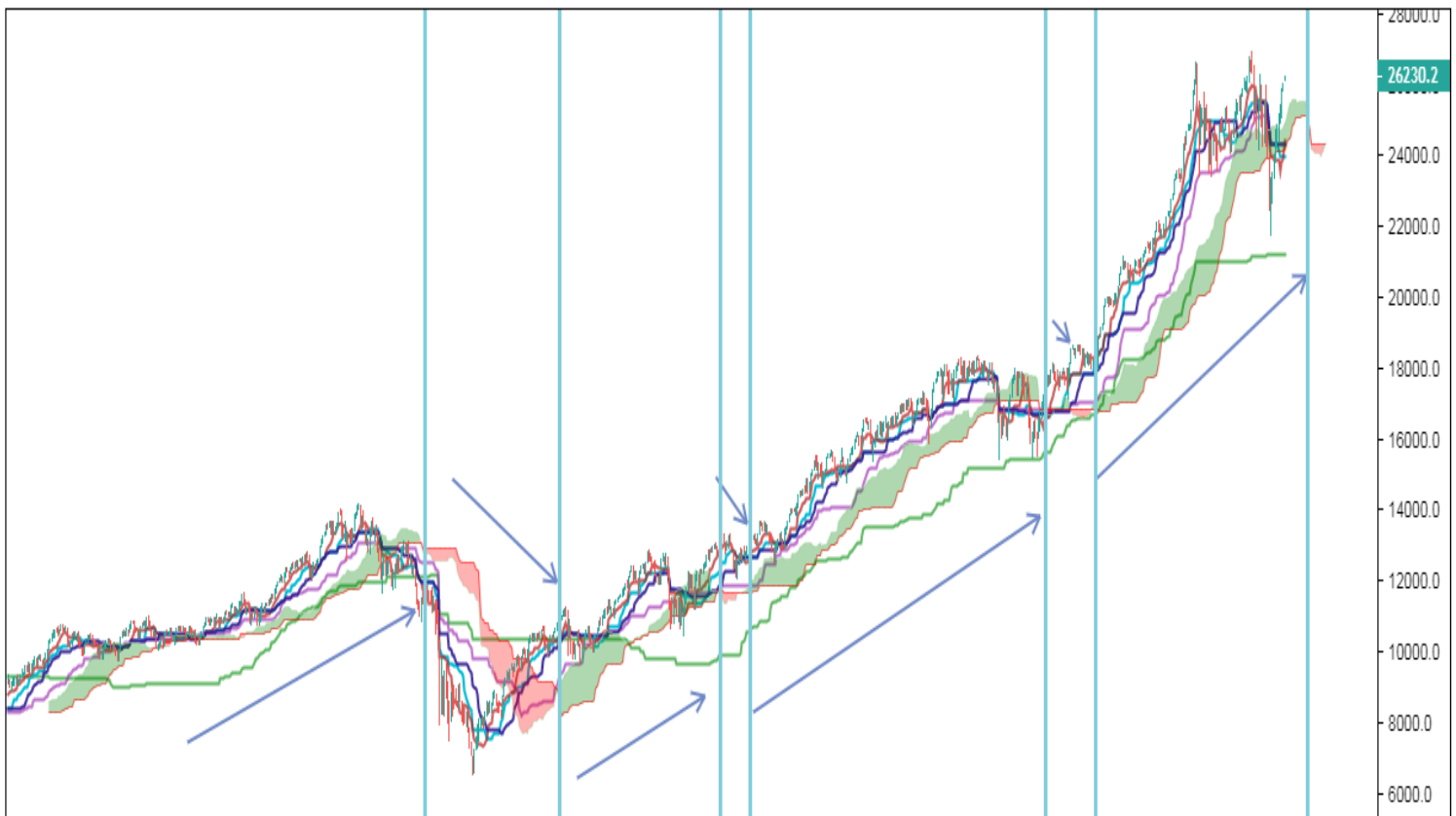
We already know the basic issues of Ichimoku Kinko Hyo system. I repeat again that the basic of ichimoku is the present. Like as we look at a person, we often look at their past, draw a look at the present, and then consider that person's future.

In the present: there are short and long-term cycle lines intertwining each other, which are lines made up of prices. Price is human. That is the Eastern technical analysis. Now let's consider the future - the Kumo cloud

We add cloud (the cloud calculation formula is available in the introduction)

Look at the figure above: we can clearly see the market cycle through the change of ichimoku cloud. What changes in the past have become clearer in the future. The present and past of the chart can help us clearly speculate on the future through this system.

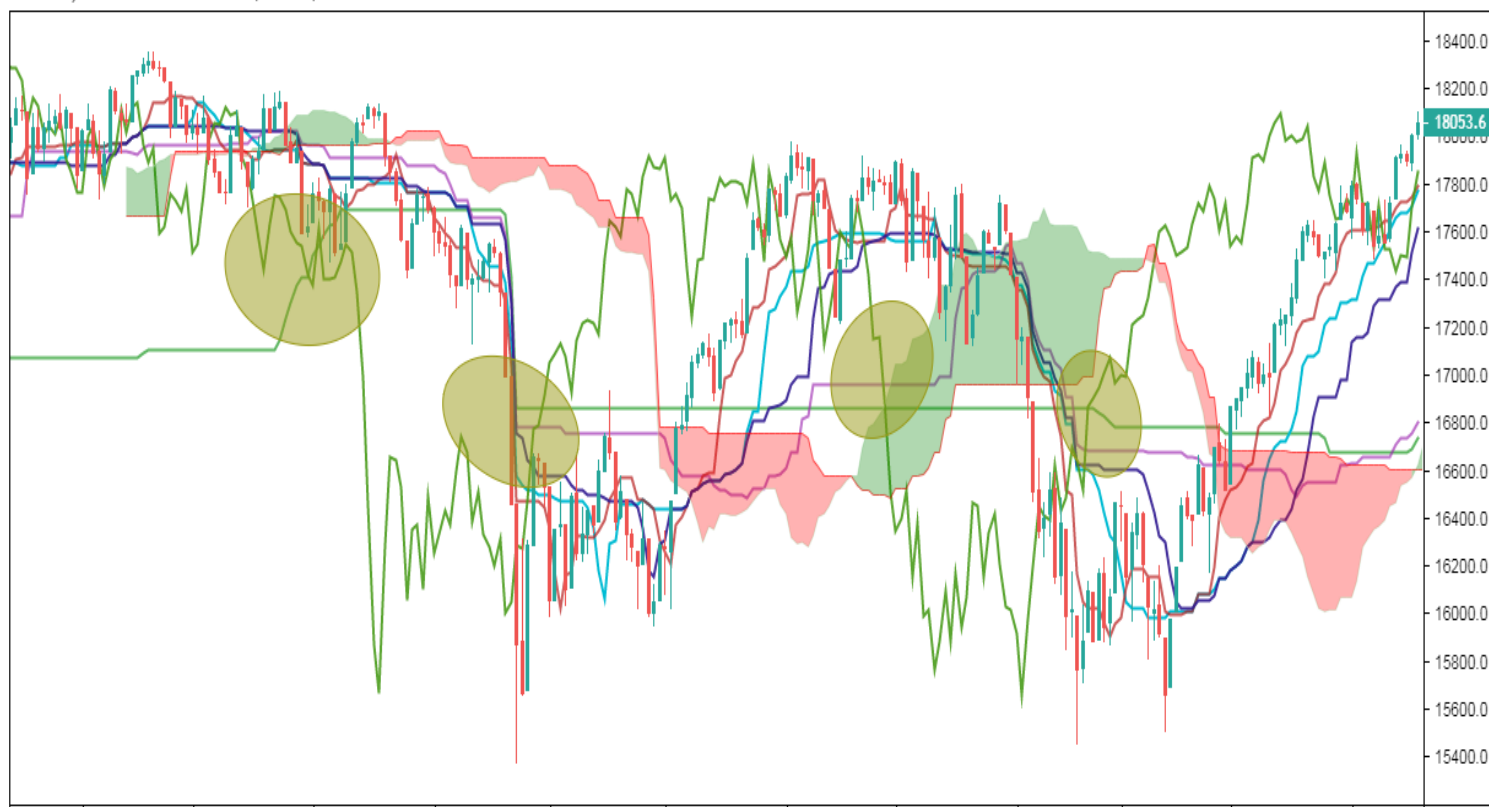
TVC:DJI, 1W 26230.2 ▲+198.4 (+0.76%) O:26126.2 H:26234.6 L:26123.0 C:26230.2



We know about the present and the future. Join me in understanding the past of this system. That is Chikou line. This is also the key basis for the later calculation of the cycle. Chikou is a special component, it is understood as a line chart, using the closing prices, back to 26 cycles. It is the shadow of the price, it reflects the resistance or support from the past. We continue to consider more about Chikou.

Look at the chart above: Chikou constantly breaks long-term cycles like 62-172 cycles, creating nearly equal peaks and bottoms. It signals the accumulation and preparation for a new cycle.

TVC:DJI, 1D 26236.2 ▲+204.3 (+0.78%) O:26126.2 H:26241.4 L:26123.0 C:26236.2



SHARING OF NEW ISSUES

We have learnt the formation and development of the new Ichimoku system, which is, in my opinion, a comprehensive system. It doesn't need any support instruments. It can evaluate the strength of a trend, with resistance and support, help traders find out when there is a strong trend and when there is sideways market.

In the next book, I will reveal more about how to calculate reversal time, how to calculate take profit and stop loss. We will go deeper into the volatility.

Hope to see you soon!

Thank you !

